



Jakarta, February 29th 2012

Statement on Wood Legality

Asia Pulp & Paper group (APP) maintains a strict zero tolerance policy for illegal wood entering the supply chain and has comprehensive chain of custody (CoC) systems to ensure that only legal wood enters its pulp mill operations.

APP's CoC systems are independently audited on a periodic basis. This ensures that we only receive legal pulpwood from areas under legal license that have passed all necessary ecological and social assessments.

APP's chain of custody system traces the origin of raw material, evaluates its legal and environmental status, to minimize the risk of contamination and to ensure that endangered species are protected – in accordance with the laws of Indonesia.

The Government of Indonesia (GOI) issued specific decrees regulating the conservation and limited trade of protected tree species such as *Gonystylus* (ramin) in Selective Logging Forest Management. In pulpwood plantation management, the guidelines to conserve high conservation value areas and protected species are captured under the Environmental Impact Analysis, macro and micro delineation assessment processes. These independent assessments are conducted prior to pulpwood plantation development to identify and protect high value conservation forest within pulpwood plantation concessions.

APP is in full compliance with these GOI laws and regulations¹.

APP's internal processes, auditing and chain of custody systems are subject to continuous review and improvement. To that end, APP has recently tightened the monitoring and verification of the wood fiber inventory entering our mills. Starting in 2011, APP now independently tests random samples of all products to ensure that they don't contain protected species.

A recent independent report confirmed that no protected tree species are entering our supply chain.

However, APP accepts that no system in the world, no matter how rigorous, is 100% failsafe. We welcome the recent report from Greenpeace International and will study it carefully – to ensure that we identify and act on any weaknesses in our chain of custody

¹ For identification and other treatment for unqualified wood, please see *) section below.

systems. It is APP's desire to work with Greenpeace and other like-minded NGOs to improve our responsible sourcing policies and practices. **END**

Further background on APP's Wood Legality Systems

To minimize the risk for any protected tree species contaminating our supply chains, additional systems and standard operating procedures are implemented across all APP pulpwood supplier plantations and mills.

The systems in place were created according to and in full alignment with Indonesian national protocol.

On the pulpwood plantation side, all pulpwood suppliers must adhere to a three-step process that starts with an inventory of vegetative land cover, which includes an inventory of species requiring protection in a pulpwood concession prior to development. Land clearing plans and results are verified and approved by Forestry Agency officers on site to ensure that no protected species enter the supply chain. All pulpwood suppliers are also required to follow specific protocols for handling wildlife on concessions and pulpwood development activities. These protocols prohibit felling of protected species and prohibit poaching of any endangered or threatened wildlife.

At the pulp mill gate, Forestry Agency officials inspect every truck load of pulpwood before granting access to check for any illegal and protected tree species.

*) Operating procedures are also in place in APP mills to regulate the receiving of wood to automatically reject or destroy unqualified wood, including protected species, in line with the respected law and regulations. Unqualified wood, including Ramin and other protected species, is clearly identified, separated, filed and reported. A warning and penalty are given to the wood supplier.

APP maintains extensive systems and protocols to minimize the risk of illegal or unwanted raw material from entering and contaminating its supply chains. The chain of custody system traces the origin of raw material to minimize the risk of contamination.

Just like many other pulp mills around the world, APP pulp mills also process waste materials that include miscellaneous remnants, wood shaving and trimmings. For our recycled products, APP processes wastepaper imported from all over the world. The traceability of the waste paper APP uses follows the highest industry standards; but it is not practical or possible to check fiber composition in thousands of tons of waste paper coming from different waste paper collection systems around the world.

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